Lithuanian population was allowed complete cultural liberty until after the Franco-Prussian War of 1870; nor was the campaign then initiated for the Germanization of the district ever carried to such extreme lengths as to alienate the loyalty of the Lithuanians to the Crown. In 1918 the population of the city itself was almost entirely German, while the bulk of the inhabitants in the country districts were of Germanized Lithuanian-speaking stock, although a certain number were bilingual.[1] The majority had adopted the Protestant faith of their German rulers.

Memel's prosperity, under the German Empire, was based on the timber trade and its dependent industries; a considerable amount of flax, grain, and other agricultural produce was also exported, and, largely owing to German enterprise, iron foundries, shipbuilding yards, breweries, and chemical factories had been set up.

The Post-War Settlement. At the Peace Conference in Paris there was some discussion of a French proposal to constitute a Greater Poland, which should include the whole of Lithuania as well as an outlet to the sea at Memel. Eventually, however, it was decided to detach the Memel district from Germany with a view to handing it over to the new Lithuanian Republic, if and when that country should have received *de jure* recognition. In spite of German protests,[2] therefore, a clause was inserted in the Treaty of Versailles (Article 99) to the effect that Germany renounced all right to the territory in favour of the Allied Powers, and undertook to accept the settlement made in regard to it 'particularly in so far as concerns the nationality of the inhabitants'.

Even after the *de jure* recognition of Lithuania by the Allied Powers, which was delayed, owing to the Vilna dispute, until November 1922, the future of Memel remained undecided. In the meantime, the administration of the territory had been taken over on behalf of the Allies by Général Odry, who was later replaced by a French High Commissioner, M. Petisné.[3] Alarmed by a French

TABLE 11. *Population of the Memel Territory.*

Date of census	*German-speaking*	*Lithuanian-speaking*	*Bilingual*	*Memel-landers*	*Others*	*Total*
1910	71,191	67,345	1,970	..	260	140,766
1925	61,671	39,106	..	35,690	5,373	141,840

[1] In a Note of May 29, 1919, Germany contested that the inhabitants were predominantly German—the city of Memel, in particular, being a purely German town—and had never desired such a separation; moreover, they offered to establish a free zone in the harbour of Memel, in which Poland, as well as Lithuania, should be accorded liberal privileges. The Allied Powers replied that the district as a whole was predominantly Lithuanian in origin and speech, and that the port of Memel was the only sea outlet for Lithuania.

[2] A Committee of Seven, which had been appointed by a preliminary Parliament (elected

1. [i.e. Memel -- Analyst]

439 tons British. The Niemen is navigable as far as the Lithuanian-
505 Polish 'administrative line', and is used for cargo traffic as far as
361 Kaunas.

361 The administration of the harbour is provided for in an annex to
504 the Memel Statute of 1924, and is controlled by a board consisting
475 of one member appointed by the Lithuanian Government, one by the Memel Directorate, and one by the League of Nations. Since 1924 noteworthy steps have been taken to improve the technical equipment of the port. The harbour has been extended and deepened, docks have been excavated, cranes have been installed, and ware-
[457] houses built, the cost, running into 'several tens of millions of lita',[1] being borne mainly by the Lithuanian Government. Some of the expenditure, however, has been met out of a loan issued by the city in 1927 amounting to 4,000,000 RM. nominal and offered in Germany.

361 As has already been mentioned, Memel is a comparatively impor-
● 438 tant industrial centre. Of the 1,056 industrial enterprises in Lithuania employing 5 or more workmen at the beginning of 1937, 137 were in Memel, and of the 30,561 persons employed in such industries throughout Lithuania, 8,112 were employed in the Memel Territory. The more important industries include sawmills, veneer works, chemical fertilizer plants, and cellulose undertakings. There are also textile and tobacco factories of some size.

361 Outside the industrial district of the Territory the principal
241 occupation is agriculture. It is impossible to give any indication as
439 to the volume of production, since the figures are included with those of Lithuania proper. According to the available information, however, there is normally a small surplus of production for export; and since the easiest, if not the only, market is East Prussia, the agricultural population of the Territory suffered considerably from the virtual suspension of commercial intercourse between Lithuania and Germany owing to the dispute of 1932–5. The Agreement of August 1936 was consequently followed by an appreciable improvement.

361 The Statute of 1924 gives the Administration powers to levy direct
651 and indirect taxation inside the Territory with the exception of
652 Customs and excise duties and certain monopolies. The Territory has a separate budget, which in 1934 balanced at about 14 million lits. The only funded debt outstanding is the loan of 1927 already mentioned. Owing to the harbour's international importance, there is a comparatively large number of commercial and other banks domiciled in the Territory.

[1] *Lithuanian Telegraph Agency (Elta) Service*, March 1938.

1 [see above, line 12 -- Analyst]

Yet it is by no means certain that a desirable relation was established during this period between felling and fresh growth, and there is little doubt that the annual cut of timber was in general excessively large, at any rate in Latvia and Lithuania. In Lithuania, for example, it was admitted by an official publication[1] that over the entire area the annual growth of new timber was about 2·08 million cubic metres, but that the annual average volume of timber felled for 1927–30 was 2·57 million cubic metres,[2] although the Forestry Department annually allotted only 1·88 million cubic metres for felling. In Latvia, also, the Department of Overseas Trade Reports[3] indicate that the total annual cut has often exceeded the annual increase provided for. In general the extent to which systematic reafforestation took place during this period is very uncertain.

The method of exploitation does not vary greatly. Usually, as in Latvia, the Forestry Department sells the timber in certain forest districts by auction. Felling takes place in the winter months, labour being recruited from the peasants, who have comparatively little farm work to do at that time of year. The felled logs are then taken, generally by sleigh, to the riverside, where they are dumped until the early spring, when the thaw enables them to be floated down to the ports. To this extent the export of logs is a seasonal trade. The rivers of the Baltic States are quite indispensable to the timber trade, for the railway system by itself would be unable to cope with the transport of timber. In the early spring, rivers such as the Daugava,[4] the Gauga, and the Niemen are full of timber rafts. Estonia, however, has few rivers which can be used.

Finally, there are numerous sawmills in all three countries, and the large amount of softwoods has led to the growth of wood-pulp and cellulose industries. Apart from this there is also a growing ply-wood industry; and of the timber exported from these States a large proportion is in the form of semi-manufactures. It will be more convenient, however, to deal with this in the following section.[5]

5. Industry

A clear distinction must be drawn between Lithuania, where manufacturing industry before the War was inconsiderable, and Estonia and Latvia. In these two countries, as has already been

[1] *Lithuanian Telegraph Agency (Elta) Service*, October 1930. [2] Ibid., February 1932.
[3] e.g. D.O.T.: *Economic Conditions in Latvia, January 1935*, publ. 1935, p. 31.
[4] Timber from Poland and the U.S.S.R. also is floated down to Riga on the Daugava and its tributaries, and to a smaller extent on the Lielupe from Lithuania.
[5] It may be mentioned, before manufacturing industries are dealt with, that sea fishing is of some importance in both Estonia and Latvia, the Baltic herring being one of the chief species caught. Reference may also be made to the fact that comparatively large quantities of amber are found in Lithuanian territory, chiefly on the Kurisches Haff. On this subject see an interesting article in the *Lithuanian Telegraph Agency (Elta) Service*, September 1933.

438 mentioned, there had grown up an important series of manufacturing industries before the War. Some depended on local raw materials such as timber, but, in general, the pre-War industry of these territories took the form of the conversion of imported raw materials into finished articles, which were sold in Russia. The extent of these industries may be judged from the fact that in 1910 more persons were employed in the textile, chemical, and metal industries of Latvia than the entire number of those employed in all the industries [396] of the country in 1926. Moreover, Reval (Tallinn) was one of the most important shipbuilding bases of the Russian Empire, while at Krainholm there existed one of the largest cotton mills in the world.[1]

439 The War, and the establishment of independent States, changed 727 the whole position. The Russian market, the basis of the manu- 433 facturing industry, was lost. The indispensable raw materials could no longer be imported on the pre-War scale; and, as has been seen, the mineral resources of Estonia (except for oil-shale) and Latvia are negligible from the commercial point of view. Moreover, the War had brought devastation which in many cases it would have been impossibly expensive to repair even if markets had existed; in Latvia, which was perhaps most severely affected, the retreating Russians had carried off most of the machinery which could be moved, and many of the factories were no more than empty buildings. Finally, the demands of economic nationalism required that Lithuania should make some attempt to develop manufacturing industries of her own where none had existed before.

493 It is impossible to trace here the steps by which some kind of order was produced from the chaos of the years immediately after the War. In general, the policy of Estonia and Latvia was to develop only those industries which were essential to local requirements, or which could exist without the Russian market. Within this limited scope, a considerable measure of success was achieved during the period. [407] The State was occasionally able to make good the loss or destruction of machinery through foreign relief credits received immediately after the War, and when some degree of economic and political stability had been achieved in the Baltic, foreign capital—chiefly German and British—was made available to industry through the banking system. It was even possible to obtain a small footing in the export market, for the standard of living in Estonia and Latvia was comparatively low, and costs were often on a good competitive

283 [1] The early development of the cotton industry in Estonia was largely due to a British-trained German, Julius Knoop (1811–94), who eventually came to dominate the entire textile industry of Russia. For further details, see L. H. Jenks, *The Migration of British Capital*, New York, 1927, pp. 183–4. A fuller account will be found in *Krainholm Manufaktur 1857–1932*, privately printed by the Gesellschaft der Krainholm Manufaktur für Baumwollfabrikate, 1933.

basis. After 1926 Latvia even made an attempt to regain for her manufacturing industries some part of the Soviet market, but her success was shortlived.

The relative importance of the various manufacturing industries in Estonia and Latvia can be seen from the following table:

TABLE 21. *Number of Workmen Employed in Manufacturing Industries in 1926.**

Industry	*Estonia*	*Latvia*
Textile	8,919	5,935
Wood-working	4,389	10,061
Metallurgical	3,758	8,406
Paper and printing	3,349	5,133
Foodstuffs	1,916	8,543
Chemical	835	3,433
Other	2,683	8,160
Total	25,849	49,672

* *Estonian Year Book* for 1929, p. 108; Bilmanis, op. cit., p. 67. The figures are not strictly comparable, for the Estonian figures relate only to firms employing more than 20, or 85 per cent. of the total; moreover, it is not known whether the designations exactly correspond. They do, however, form a rough basis for comparison.

The annual value of industrial production in these countries rose to a considerable figure during the period; in 1926 it is estimated that the figure for Estonia's manufacturing industries was 98·8 million kr., or about 137 million Swiss francs, and that of Latvia as much as 311 million Swiss francs. Most, if not all, of the more important industries were located in Riga and Tallinn, with the exception of the Narva textile industry, and the shale-oil industry between Narva and Tallinn. No new industrial centres of any size were developed during these years, owing largely to the lack of capital and efficient communications. For the most part the size of the individual enterprises was small, and nearly all were dependent directly or indirectly upon the banking system for their finance, though in some cases the co-operative system and even the State were directly interested. Power was provided mainly by imported fuel, though peat was often used, and, in Estonia, shale-oil.[1]

Latvia. The timber industry was the most important branch of manufacture during the period. The timber used was very largely of Latvian origin, though Russian timber was occasionally handled. The most important section consisted of sawmills, but there were also several veneer and boxboard factories. The industry worked very largely for export overseas. Closely connected with the timber industries were the paper and pulping branches, also the cellulose

[1] However, the production of electricity in the principal plants of the five most important towns of Estonia increased from 8 to 23 million kwh. between 1923 and 1929.

obtained in the flax-spinning and weaving industries, which were able to export during this period.

The timber industries, which include sawmills and veneer and boxwood factories, are very similar to those of Latvia, and similar conditions apply; but during these years Estonia began to specialize in the production of plywood. In this, British capital is interested through Venesta Ltd. There is also an important match industry, and a comparatively large cellulose factory at Tallinn. The paper and pulp industry suffered considerably from the War, but had begun to recover by 1929. The metal and machinery industries of Tallinn suffered in the same way as those of Riga, though the depredation and devastation caused by the War was perhaps less severe. But, whereas before the War nearly 20,000 men were employed in the principal shipyards and engineering works of that centre, the difficulty of paying for raw materials and the loss of the Russian market brought plant almost to a standstill. Several factories were eventually adapted to produce goods for the home market, but during the period the industry as a whole was rarely working to more than about 20 per cent. of capacity.

Apart from the foodstuffs industry the only other industry of importance in Estonia was that connected with shale. It has been estimated that workable strata cover an area of about 2,400 square km., and that reserves amount to over 5,000 million tons. These reserves were by no means fully exploited during the period, but a beginning was made in using the cheap form of fuel provided by oil-shale for a number of industries and public utilities, such as gas-works and the railways. Moreover, the ashes which remain from oil-shale after carbonization can be used, when ground, as a binding material for building purposes; and, as a result, the quality of Estonian cement acquired a wide reputation. It is also possible to extract a liquid oil from oil-shale, and a plant, which began to operate in 1925, was set up for this purpose. The oil so obtained is refined into a number of different types of spirit such as benzine, gasoline, and lubricating oil; and its commercial use became possible during the period. Finally, it may be mentioned that the British firm, New Consolidated Goldfields Ltd., has been interested in the production of oil from shale for some years.

Lithuania. Before the War Lithuania had no manufacturing industries comparable with those of Estonia and Latvia. Most were connected with the preparation of foodstuffs, tanning, or the manufacture of bricks, glass, and pottery; there was a timber industry, but this was on a much smaller scale than that of the two other countries. There were also two comparatively large ironworks (Schmidt Bros. and Tillmann Bros.) manufacturing nails, locks,

1: Anonymous U-4 (no date)1938 RB1 Baltic States RB1
Lithuania

438 chains, and other similar articles. Such industrial plant as there was
[727] suffered severely from the War; buildings were destroyed, machinery was carried off, and any liquid capital confiscated.

433 During the period 1918–31 there was no fundamental change in
727 the industrial structure of Lithuania proper. The period was largely one of reconstruction; and it was possible in many cases to renew plant lost in the War by the use of foreign credits. Production was to some extent assisted by tariffs, but little, if any, attempt was made to obtain a place in foreign markets. The industrial capacity of the country as a whole was, however, substantially increased by the addition to Lithuania proper of the Memel territory, for Memel
[464] possesses considerable industries such as sawmills, &c.;[1] and by 1928 it was estimated[2] that altogether about 40,000 persons were employed in manufacturing industry throughout Lithuania and the Memel Territory. As compared with the respective figures for Estonia and Latvia, this figure is small when the very much larger population of Lithuania is borne in mind. In all there were 7,250 undertakings classified as industrial enterprises, of which only 75 employed 50 or more workmen.

II. FOREIGN TRADE AND BALANCE OF PAYMENTS, 1919–30

1. General Observations

439 During the years 1919–30 these countries had to deal with peculiar difficulties in developing their foreign trade. Not only did the period of actual hostilities last until 1922, but the creation of three new independent States required the organization of three separate economic units. In Estonia and Latvia, it is true, there existed a rough basis, consisting of the commercial communities of Tallinn and Riga,[3] on which it was possible to build the necessary organization, since these ports had been two of the most considerable foreign trading centres of the Russian Empire. In Lithuania, however, there was no such organization at all, for until 1918 the territories forming that State had been more or less self-supporting, and Lithuania's foreign trade had to be created, as it were, out of a vacuum. In the event, the development of foreign trade in the Baltic States during

[1] See above, p. 102.

[2] *Lithuania, 1928*, edited by E. J. Harrison, London, 1928, p. 178.

[3] Before the War Riga had been mainly an export centre; Reval (Tallinn) an import centre. After the War this position was reversed. Riga's imports greatly exceeded her exports, while exports from Tallinn generally exceeded imports (1913 figures):

	Imports	*Exports*
Riga .	. £19,000,000	£23,000,000
Reval .	. £10,000,000	£2,400,000

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(b) TOTAL OF PIGS[1]
(*In thousands*)

	Estonia†	*Latvia*	*Lithuania*
Year 1913 . . .	275	557	1,358
„ 1930 . . .	290	523	1,136
„ 1936 . . .	379*	674	1,210

† 1913–14. * 1937.

439 234 231 More than half of the butter exports from these three countries, and practically all the bacon exports, are now taken by the United Kingdom.[2] It seems to follow that the United Kingdom is gradually assuming towards the Baltic States responsibilities very similar to those she has already assumed in the case of Denmark. As will be seen, the sterling received for the Baltic States' exports of bacon and butter is of vital importance to the exchange position.

5. MANUFACTURING INDUSTRY

433 471 The principal change in the industrial system since the crisis has been the need, already mentioned, to save foreign exchange by manufacturing inside the country as far as possible what was formerly imported. The policy has been pushed furthest, largely at the instigation of the State, in Latvia and Estonia, for in these two countries the industrial apparatus required for such an experiment was to a considerable extent already in existence. In Lithuania, however, this was not the case, and industrial self-sufficiency has consequently made far less progress than in the other two countries, although when and where it has been possible advances have been made in this direction. But, in each case, the degree to which this policy can succeed is strictly limited by the fact that all three countries lack not only the essential raw materials of industry such as coal, iron, non-ferrous metals, rubber, cotton, and wool, but also the capital required for attempting the expensive process of manufacturing substitutes.

The progress made by industrialization in Estonia and Latvia can best be judged from Table 38 opposite.

464 438 The increase of workers employed in the textile trade, in which some degree of self-sufficiency is perhaps easiest to achieve, will be noted. The increase of workers employed in 'other' industries in Estonia is due largely to the activity of the shale industry, since at the end of 1937 the extractive industries were employing about 4,500 persons; this also accounts largely for the increase in 'chemicals'. Included in 'other industries' are also nearly 3,000 persons engaged

[1] Pre-war figures for Estonia and Latvia relate to a somewhat smaller area than that of the present States.

[2] Figures are given in footnote on p. 156.

TABLE 38. *Number of Workmen Employed in Manufacturing Industries*[1]

Industries	Estonia (enterprises employing 20 or more workers only)		Latvia (all workers)	
	1926	1937 (end)	1926	1937 (end)
Textiles	8,919	12,024	5,935	18,394
Woodworking	4,389	3,567	10,061	12,758
Metallurgical	3,758	6,384	8,408	19,541
Paper and printing	3,349	3,909	5,132	6,801
Foodstuffs	1,916	3,284	8,543	16,648
Chemical	835	2,831	3,433	5,182
Other	2,683	12,584	8,160	25,655
Total	25,849	44,583	49,672	104,979

in construction. In Latvia the increase in 'other' industries is chiefly due to the growth of activity in the clothing trade, employing over 13,000 at the end of 1937, and in building.

So far as the volume of industrial production is concerned, some indication as to developments in these two countries can be obtained from the following figures:

TABLE 39. *Indices of Industrial Production*

(1930 = 100, average for year)

	All commodities		Capital goods		Consumption goods	
	Estonia	Latvia	Estonia	Latvia	Estonia	Latvia
1930	100·0	100·0	100·0	100·0	100·0	100·0
1931	92·0	82·0	92·8	83·0	91·3	80·1
1932	79·3	75·7	78·1	53·4	78·4	78·1
1933	83·0	102·7	81·2	63·6	81·5	109·3
1934	97·7	119·8	106·3	83·3	91·5	126·9
1935	107·6	126·1	114·9	88·0	101·6	134·3
1936	121·6	131·5	133·0	103·7	112·5	138·3
1937	140·5	147·8	174·1	121·0	119·5	151·3

Estonia. Developments in Estonia's manufacturing industry since 1930 were subject to the general considerations mentioned above. Additional stimulus to industry was given by the introduction of severe import restrictions in the autumn of 1931 and of the control of the foreign exchanges. Moreover, the abandonment of the gold standard in June 1933 made it cheaper to buy raw materials abroad and to manufacture the finished article in the country than to import finished goods; and this greatly increased the development of industry. Finally, the increase in the purchasing power of the agricultural population, owing to the higher prices prevailing since 1935, led

[1] For the sources for the 1926 figures see note to Table 21, p. 117; the figures for 1937 are taken from *Eesti Statistika* for February 1938, and *Mõnela Piltins* for March 1938.

178 to something like boom conditions during 1936 and 1937–8, when a shortage of labour and a movement towards higher wages, attracting workers from agriculture, began to be felt. The progress of industrialization during these years has largely been due to private initiative. But, in its initial stages, the State gave indirect encouragement by the imposition of import and currency restrictions, and in recent years has begun to play a more active part.

178 Industrial development has chiefly consisted in the further em-
● 438 ployment of plant already in existence, especially in the textile industry, where substantial progress was made on the lines already mentioned,[1] particularly in the use of home-grown flax. Considerable progress also was made in the plywood industry, mainly as the result of the building boom in Great Britain. As already stated, there was a noteworthy expansion in the shale and ancillary industries. Since 1930 plant has been greatly extended, and, by the end of 1936, the exploitation of Estonia's shale resources had reached a point where
[439] it did much to compensate for the lack of other fuel.[2] It is noteworthy that, whereas the increase of industrialization in Latvia led to an increase of coal and coke imports from 4·2 per cent. of the total annual average value of imports in 1928–30 to 10·8 per cent. in 1936, in Estonia, where the progress of industrialization was nearly as great, the figure remained stable at about 1·4 per cent.

New industries also have been started since 1930. The production of artificial horn, which is made from milk, has assumed substantial proportions, and exports have steadily risen from 24 tons in 1928 to 751 tons in 1937. In the autumn of 1936 a factory was begun for the
[475] manufacture of sulphate of cellulose. Negotiations are at present in progress for the erection of a plant for making superphosphate, which is to use the large deposits of phosphate near Tallinn, one of the few important mineral deposits in the Baltic States other than shale.[3] In this the State is, apparently, taking a direct interest. The State has also taken a direct interest in a brick-making concern founded in 1936.

471 *Latvia.* In general, however, the interest of the State, direct and
423 indirect, is far greater in Latvian industry. This is a tendency which can be dated fairly accurately from the coming of the totalitarian régime in 1934. Before that date developments in industry since 1930 had been similar to those in Estonia. The first effect of the crisis was to restrict very severely the activity of the industries

[1] See above, p. 118.

[2] According to an article by the Estonian Minister in London in *The Banker* for March 1938, the output of oil-shale increased between 1920 and 1930 from 48,000 to 498,000 tons, and rose to 1,100,000 tons in 1937. Similarly, the production of crude oil increased from 10,000 tons in 1930 to 110,000 tons in 1937.

[3] *Die Börse* (Vienna), January 4, 1937; *The Banker*, March 1938.

23: Shabad N-4 (no date) 1951 R1 Soviet Union R1
Baltic Countries RB1

SU 631 BC 631 village Soviet, the USSR government at first retained the existing divisions (*uyezd* and *volost*) and only gradually introduced the village Soviets. This process was completed in 1950, when the regular Soviet administrative system (rayon-village Soviet) was introduced into Estonia, Latvia, and Lithuania. Lithuania, the most populous of the three republics, was also divided into oblasts. In the northern part of East Prussia, however, which was assigned to the USSR by the Potsdam Conference of 1945 and was organized as the Kaliningrad Oblast of the Russian SFSR, no attempt was made to establish any kind of German or other autonomous unit. The German population, greatly reduced by evacuation before the Russian occupation, became a small minority among the Russians that immigrated from the central part of the European USSR. The Soviet administrative system, with all its attributes, was established in the new oblast as a matter of course.

SU 241 BC 241 The climatic conditions of the Baltic Region are generally favorable for agricultural development. Rye, oats, and barley are the most common grain crops, and potatoes are widely grown. Flax is cultivated largely for the production of linseed oil. Extensive hay meadows, fodder grasses, and forage grains support intensive dairy farming, especially toward the north. Hogs are raised on root vegetables. The chief agricultural export items are butter, eggs, and meat products (mainly bacon).

SU 438* BC 438 Except for the processing of oil shale in Estonia, the industries are centered in the ports and produce textiles, machines, and chemicals. Lumber is an important raw material for paper and plywood industries. The region has a dense rail network, in which the main trunk lines lead from the central European USSR to the large Baltic port cities. The chief centers are Tallin (Tallinn) Riga, Vil'nyus (Vilnius) Kaunas, and Kaliningrad.

Lithuanian Soviet Socialist Republic

Capital, Vil'nyus (Vilnius); area, 31,200, population, 2,700,000

SU 133* BC 133 The Lithuanian SSR is the southernmost of the three Baltic republics. It has the shortest coast line, only 25 miles long in the area of Klaypeda (Klaipėda). Its generally level terrain rises gently in the morainic hills of the western and the eastern sections. Lakes and swamps abound in the depressions. The forests which once covered the entire region have been largely cleared and now comprise only 20 percent of the area. The republic is drained by the Neman (Nemunas) and its affluents, the Viliya (Neris), the Nevyazh (Nevėžys), and the Dubisa (Dubysa) rivers

on the right, and the Sheshupa (Šešupė) on the left. The Neman is navigable below Kaunas, and for shallow-draught vessels below Alitus (Alytus).

The Lithuanians represent about four fifths of the total population and, except for small Latvian and Belorussian minorities, make up the bulk of the rural population. The principal non-Lithuanian groups, Russians, Jews, and Poles, belong chiefly to the urban elements. The rural settlements are villages of a much larger type than the small farming communities generally found in Latvia and Estonia.

The long-contested Vil'nyus district was awarded to Lithuania following the partition of Poland in 1939. In 1940, when Lithuania joined the USSR as a union republic, it also annexed from the Belorussian SSR a narrow strip of territory with a predominantly Lithuanian population. Its present territorial configuration was completed in January, 1945, when it reacquired the Memelland, which had been ceded to Germany in 1939.

In 1950 Lithuania was divided into the oblasts of Vil'nyus, Kaunas, Klaypeda, and Shaulyay.

Agriculture is the principal branch of the economy. Grains cover the major part of the sown area, mostly rye and oats. Potatoes are an important crop in connection with the raising of hogs; flax and forage grasses (mainly clover) are sown in rotation. A few areas are under sugar beets. In addition to hogs, dairy cattle and poultry are extensively raised.

Dairy farming forms the basis for the chief industries of the republic. Butter and dairy plants, meat-packing plants, and tanneries are scattered throughout the entire region. Sugar is milled in a number of places, including Mariyampole (Marijampolė) and Panevezhis (Panevėžys).

Lumbering furnishes raw material for woodworking plants and paper mills. The glass and cement industry is being developed under the postwar Five-Year Plan; peat-based power plants are under construction at Kaunas and Shaulyay. Fisheries are important along the coast, near Klaypeda. Textiles are manufactured from imported silk, wool, and cotton. The only local fuel resource is peat, which is processed widely into briquettes. Building materials are quarried. To be noted also are the health resorts of Birshtonas (Birštonas) and Druskininkay (Druskininkai) on the Neman River, south of Kaunas, and the sand-dune resorts on the coast in the vicinity of Klaypeda. Meat, bacon, butter, flax, and lumber products are the principal export items.

23: Shabad N-4 (no date) 1951 Rl Soviet Union Rl
Baltic Countries RB1

SU 361 438* BC 361 438

Vil'nyus (Vilnius—Polish *Wilno*, Russian *Vil'no*) lies amid forests and hills on the Viliya River, at the mouth of the Vileyka. Founded in the tenth century, it became the capital of Lithuania in the fourteenth century and the seat of a university in the sixteenth century. Following 125 years of Russian domination, it became one of the most contested cities of Europe in the period between the two World Wars. It was fought over by the Soviets, the Lithuanians, and the Poles in the years following the First World War and was part of Poland from 1922 until 1939. It is a major rail center on the Leningrad-Warsaw and Moscow-Minsk-Kaliningrad lines, with a population of 244,500.* It has metalworking industries, which produce agricultural implements, electric motors, and radio equipment, lumber, paper, and clothing mills, shoemaking and fertilizer plants, and large food industries. In 1947 the city limits were considerably expanded to incorporate the town of Nauya Vil'nya (Nauja Vilnia), six miles to the east and the seat of a prefabricated-house industry and the first machine-tool plant of Lithuania.

Kaunas (Russian *Kovno*), the former capital, is the chief industrial center of the republic, on the Neman River, at the mouth of the Viliya. It has rail shops, metalworks, an automobile repair plant, textile and knitting mills, and an important chemical industry, producing rubber goods, paints, and pharmaceutical products. Its lumber and match mills and tobacco, meat-packing and flour industries are also notable.

Klaypeda (Klaipėda—German *Memel*) is a major ice-free port north of the mouth of the Neman River. It has large pulp and paper industries, a veneering mill, textile plants, and produces superphosphate fertilizer. To the north, at Palanga, there are amber-processing works. To the south, on the Kurland Spit, a sand spit barring the lagoon known as Kurland Gulf, are the seaside resorts and fishing villages of Yuodkrante (Juodkrantė), Preyla (Preila), and Nida.

Panevezhis (Panevėžys) is the most important sugar and flour-milling center of Lithuania; it has also metalworking, chemical, textile, and lumber industries.

Shaulyay (Šiauliai) has a large meat-packing and dairy industry, with associated tanning and shoe plants. Paper, bicycles, and alabaster are manufactured.

* An estimate based on the local election of 1948.

Latvian Soviet Socialist Republic

Capital, Riga; area, 24,600, population, 1,900,000

The Latvian SSR lies in the middle Baltic Region, on the Gulf of Riga, which here penetrates deeply into the mainland. This largest of the Baltic republics contains the fertile Riga-Yelgava lowland in its center and morainic hills in Kurland, in the west, and Livonia, in the northeast. The latter region, because of its picturesque hilly landscape, is often called the "Livonian Switzerland." The coasts are low and covered with pine-covered sand dunes. The Western Dvina River (Latvian *Daugava*) enters the republic from Belorussia in the southeast and empties into the Gulf of Riga. It is important for timber flotage and as a source of hydroelectric power; navigation is hampered by sand bars and rapids. Its chief tributary is the Lielupe River on the left. The western part of Latvia, generally known as Kurland, is drained by the Venta River, and the northern (Livonia) by the Gauya (Gauja) River. The forests, which cover 20 percent of the area, are found mainly in Kurland and in Livonia, where the maritime climate has its greatest influence.

The Latvians represent about 60 percent of the total population. The Latgals, who are predominantly Catholic and speak a dialect related to Lettish, constitute about 15 percent of the population and live mainly in Latgale, the southeastern section of the republic. Russians are the most important non-Latvian minority, followed by Jews, Belorussians, and Lithuanians along the eastern and southern frontiers. The predominantly Russian districts of Abrene or Jaunlatgale (now Pytalovo) and Kačanava (now Kachanovo), southwest of Pskov, were ceded to the newly formed Pskov Oblast of the Russian SFSR in 1945. With this cession, Latvia underwent its first teritorial change since the creation of the independent state in 1920.

Prior to the First World War the economy of Latvia was closely integrated with that of the Russian Empire. About one quarter of all Russian exports passed through the Latvian ports of Riga, Liepaya (Liepāja), and Ventspils. The ports, and mainly Riga, became the centers of important industries engaged in shipbuilding, machine construction, textile milling, and the manufacture of chemicals. During its independence Latvia developed its food and light industries to a large extent. At the present time Latvia's economy emphasizes its food industries, which are largely based on the raising of livestock. The dairy

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SU 438* BC 438 industry, which has plants scattered throughout all the small towns of the republic, mainly in the north and the west, leads the field. Meat packing, flour milling, and sugar refining are other activities. Next in importance are the engineering and the textile industries, which are concentrated at Riga and Liepaya. Also produced are matches, paper, rubber goods, chemicals, and tobacco. Fisheries are important along the coast, sardines, herring, and cod constituting the largest catch. Of all the Baltic republics, Latvia has the greatest tourist trade which descends yearly on the famous Riga beaches west of the city and the health resort (sulphur springs) of Kemeri near by.

SU 234 241 BC 234 241 Livestock raising is the chief agricultural occupation, with emphasis on dairy farming and milk, butter, and cheese production. Hogs are raised for bacon and other meat products, which together with eggs form the chief export items. The development of stock raising, as elsewhere in the Baltic Region, is favored by the humid climate and the abundance of meadowland. Crops are strongly slanted toward the production of fodder grasses and potatoes for stock feed. Grains cover about one half the sown acreage and are also partly used for forage. Rye, oats, and barley are emphasized. The main industrial crops are flax and sugar beets; garden crops are grown in a few suburban areas.

SU 377 BC 377 Power for the industry is furnished chiefly by the Kegums hydroelectric station on the Western Dvina, southeast of Ogre. This plant, which has a capacity of 55,000 kilowatts, is the only major water-power producer in the Baltic Region. The local peat supply, which is used in form of briquettes, is also of some importance in the industrial fuel scheme, although to a lesser extent than in Lithuania.

SU 438* 361 BC 438 361 Riga, located on the Western Dvina, its center about 10 miles from the Gulf of Riga, of the Baltic Sea, is the largest city in the Baltic Region. An old city, dating from the early thirteenth century, it contains two thirds of all the Latvian industries. It is a large port, the terminus of a number of rail lines and of the timber flotage on the river. Its chief industries are its engineering enterprises, which produce rolling stock for electric trains, subways, and tramways, electrical equipment for automobiles, and telephone and radio apparatus. In its northeastern outskirts, on lake Kishozero, are superphospate and paper mills. Other products are textiles, glass, cement, rubber goods, and bicycles. Its port installations and shipyards extend along both sides of the river to the outer port of Daugavgriva, where most of the lumber is loaded. West of the city, between the Lielupe and the sea, on a narrow sand

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spit, lies Rigas Yurmala (Rigas Jurmala), which the Russians call *Vzmor'ye*. This noted vacation area, which consists of nine adjacent seaside resorts extending for more than 10 miles along the beach, was incorporated into the city in 1946. The population of Riga, which amounted to about 400,000 on the eve of the Second World War, was 390,000 in 1947.*

South of Riga, on the railroad to Kaunas, is Yelgava (Jelgava—German *Mitau*, Russian *Mitava*), the largest textile center of the republic, engaged mainly in linen milling; it is also the seat of an important sugar industry.

The port of Liepaya (Liepāja—German *Libau*, Russian *Libava*), the second largest of the republic, is ice-free nearly all year round. It has important shipbuilding, docking, and naval-base installations. Site of the only metallurgical (steel milling) plant of the Baltic Region, it has railroad repair shops, machine construction works, and chemical, lumber, and fish-canning industries.

To the north is the third port of Latvia, Ventspils (German *Windau*, Russian *Vindava*), which also engages in metalworking, lumber, and light industries.

Daugavpils (German *Dünaburg*, Russian *Dvinsk*), the center of Latgale, lies in the most densely settled portion of the republic, at the intersection of important rail and highway routes. It has important railroad shops, as well as metalworking, furniture, textile, and food industries.

Estonian Soviet Socialist Republic

Capital, Tallin (Tallinn); area, 17,400, population, 1,000,000

The Estonian SSR is the northernmost Baltic republic, situated between the gulfs of Finland in the north and Riga in the southwest. Its area and population are smaller than those of either Latvia or Lithuania. The republic includes the seventy islands of the Moonsund archipelago, off the west coast, including Sarema (Saaremaa), Khiuma (Hiiumaa), Mukhu (Muhu), and Vormsi.

In the northern part is a lowland, having large sandy and swampy expanses. It breaks off abruptly on the coast of the Gulf of Finland, forming cliff-like limestone escarpments. The coast here is deeply dissected and contains a large number of good natural harbors. Toward the south the relief becomes hilly and rises in glacial moraines to over

* An estimate based on the Republic election.

1,500 feet. In the center lies the lake Vyrts-Yarv (Võrts Järv), which empties through the Emayogi (Emajõgi) into Lake Peipus on the eastern border of the republic. Lake Peipus is connected by the Narva River with the Gulf of Finland. The only other notable river is the Pyarnu (Pärnu), which flows southwest to the Gulf of Riga. The Estonian rivers are generally not navigable, but the numerous rapids provide a relatively large hydroelectric potential.

The Estonians represent more than 90 percent of the total population. The principal minorities are the Russians, mostly in the cities, and the Swedes, on the islands off the west coast and in the urban centers. As in Latvia, rural districts with a predominantly Russian population were separated from Latvia and annexed to the Russian SFSR. The territorial transfer which took place in 1945 involved the Petseri (now Pechory) district, which was incorporated by Pskov Oblast, and the narrow frontier strip on the right bank of the Narva River, which became part of Leningrad Oblast.

Estonia is considerably better supplied with mineral resources than are the other two Baltic republics. Most important are the oil-shale deposits between Lake Peipus and the Gulf of Finland, which form the basis of an industry characteristic of the local economy. The oil shale extends about sixty miles between Rakvere and Narva in reserves estimated at 1.5 to 2.5 billion tons. The yield is 20–30 percent. The product can be used as fuel in solid form, but produces a large proportion of ashes, reducing its caloric value. A method has been developed by which the ash residue can be converted into cement, thus rendering the use of the shale more economical. Distillation of the shale yields heavy oils and various other products used in the chemical industry. In recent years fuel gas has also been derived from the process. The center of the oil-shale district is Kokhtla-Yarve (Kohtla-Järve).

The textile industry assumes large proportions in the Estonian economy. There are large cotton mills at Narva and Tallin, and smaller weaving and flax-spinning enterprises in other towns. Forests, which cover 20 percent of the area, furnish lumber for match, paper, and furniture industries. Tyuri (Türi) is the chief paper-milling center. Blue clays along the Gulf of Finland coast supply a large cement mill at Kunda. The greater part of the metalworking industries is concentrated in Tallin, Tartu, and Pyarnu.

Dairy farming is the basic feature of the agricultural economy. Even more than in Latvia do meadows and pastures predominate over culti-

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vated land. Most of the milk goes into butter production. Hog raising and poultry farming are other occupations. In addition to forage grasses and potatoes, grains are sown for animal feed (oats and barley) and for food (rye and wheat). Fishing is important along the seashore and in the large lakes.

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Tallin (Tallinn—German *Reval*, Russian *Revel'*) lies on the coast of the Gulf of Finland, opposite Helsinki. It consists of the old city on the limestone plateau (at an elevation of 250 feet) and a new section on a coastal terrace adjoining the sea. An important, well-constructed port, it is also the seat of the major Estonian industries. Its principal activities are shipbuilding, machine construction (electrical equipment), cotton milling, paper milling, veneering, furniture making, and flour milling. The southwestern residential suburb of Nymme (Nõmme) lies within the city limits. The population in 1947 was 190,000.*

Tartu (German *Dorpat*, Russian *Yur'yev* or *Derpt*) is an old university city between lake Vyrts-Yarv and Lake Peipus. Its population was 50,000 in 1947.* Its agricultural machinery works, linen mills, and sawmills are important.

Pyarnu (Pärnu—German *Pernau*) is a port and commercial center at the northeast shore of the Gulf of Riga. Its lumber industry, with sawmills, match factories, and paper mills are notable.

Paldiski (Baltic Port) is a port west of Tallin, which is being developed as a naval base guarding the entrance to the Gulf of Finland.

Rakvere (German *Wesenberg*) is a linen and tanning center halfway between Tallin and Narva.

SU 815 BC 315

Kokhtla-Yarve (Kohtla-Järve), a new industrial city, lies at the center of the Estonian oil-shale district. It developed mainly after the Second World War, when a large oil-shale distillery was built here. A new pipe line, laid during the current Five-Year Plan, will carry fuel gas from the distillery to Leningrad for industrial and domestic consumption. It is estimated that in 1950 the population will be 25,000 to 30,000. The major oil-shale mines of the district are at Kiviyli (Kiviõli), Kukruse, at the end of a rail spur passing through Kokhtla-Yarve, Kyava (Käva), just southeast of the city, Kokhtla (Kohtla), a rail junction to the south, Yykhvi (Jõhvi) and Akhtme (Ahtme), southeast of Yykhvi, and the newly developed town of Vivikond (Viivikond), southwest of Vayvara (Vaivara).

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Narva, on the Narva River, between Lake Peipus and the Gulf of

* Estimate based on the Republic election.

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Vladimir, Ul'yanovsk, and Penza. Settlers also came from the Belorussian SSR.

The region is mainly agricultural, with grain crops (rye, oats, barley, and wheat) in the lowlands, tobacco near the Neman River, sugar beets, potatoes, root vegetables, and leguminous crops. Forage grasses (mainly clover) support large dairy-cattle herds. Hogs and horses are extensively raised. Flour milling, distilling, and flax retting are the chief rural industries. Lumber milling plays an important role in the economy; there are paper and pulp mills at Kaliningrad, Sovetsk, Neman, and Znamensk (formerly Wehlau). Fisheries abound along the coast, with the chief ports and processing plants at Primorsk (formerly Fischhausen), Zelenogradsk (formerly Cranz), and Rybachiy (formerly Rossitten), on the Kurland Spit. One of the most characteristic products of the oblast is amber, which is secured mainly at Yantarnyy (formerly Palmnicken). There are machine construction plants at Bagrationovsk (formerly Preussisch-Eylau), Nesterov (formerly Stallupönen), Ozersk (formerly Darkehmen), and railroad-repair works at Zheleznodorozhnyy (formerly Gerdauen). Cement is milled at Polessk (formerly Labiau).

Kaliningrad (formerly Königsberg) was the former capital of East Prussia. Situated near the mouth of the Pregel' River, it is an important port and industrial center. It has shipyards and machinery works, and produces freight cars and drilling machinery. There are paper and pulp mills, locomotive repair works, and electric power installations. A deep-water channel connects Kaliningrad, through the Vistula Lagoon, with its outer port of Baltiysk (formerly Pillau), a naval base and fishing port.

Chernyakhovsk (formerly Insterburg) is a rail center and the head of navigation on the Pregel' River. It has chemical and metalworking industries and produces food products (sugar, meat, and flour) and beverages.

Gusev (formerly Gumbinnen), on the railroad east of Chernyakhovsk, has flour mills and manufactures agricultural implements.

Sovetsk (formerly Tilsit) is a lumber-milling center on the Neman River. It has paper and pulp mills, distilleries, and produces dairy products. Just east, on the Neman River, is the city of Neman (formerly Ragnit), with lumber and paper mills.

On the Baltic coast north of Kaliningrad are a number of important health and seaside resorts, including Svetlogorsk (formerly Rauschen) and Pionerskiy (formerly Neukuhren), to the east.